
A BILL FOR AN ACT

RELATING TO ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii leads the
2 nation in the creation of pioneering models of energy and
3 infrastructure financing to save money for taxpayers. In 2013,
4 the legislature established the green energy market
5 securitization program, which uses private investment dollars to
6 pay for the upfront costs of energy infrastructure retrofits for
7 both public and private purposes, which are paid back using the
8 savings realized from the reduction in energy costs generated by
9 the new energy-efficient infrastructure while also producing an
10 additional net savings to the end user.

11 The legislature further finds that by combining private
12 investment capital in pioneering energy financing programs, such
13 as the green energy market securitization program, with long-
14 term commitments to reduce energy use in public facilities,
15 aggregate energy savings can be used over time to pay for sorely
16 needed public facility upgrades at a fraction of their usual



1 cost to taxpayers and can save significant amounts of money
2 annually by eliminating costly electric bills.

3 The legislature finds that the University of Hawaii at
4 Manoa has a \$34,900,000 annual electric bill. Together with the
5 rest of the University of Hawaii system, the energy expenses for
6 university facilities exceed \$40,000,000 per year. These rising
7 costs are borne by taxpayers and tuition-paying students.

8 Furthermore, the legislature finds that the University of
9 Hawaii system has many crumbling facilities and a deferred
10 maintenance backlog that is estimated to cost hundreds of
11 millions of dollars to clear and that is currently unable to be
12 reduced in the near future given current limitations on the
13 availability of state funding.

14 The legislature finds that energy efficiency and generation
15 projects save money. However, the financial aggregation of
16 energy efficiency and deferred maintenance projects can together
17 save even more money and allow the State to reduce energy costs,
18 address the backlog of deferred maintenance, and prevent further
19 energy-related tuition increases.

20 The purpose of this Act is to establish the University of
21 Hawaii net-zero initiative with the long-term goals of reducing



1 energy consumption and energy bills to zero, preventing energy-
2 related tuition increases, aggregating energy efficiency and
3 deferred maintenance projects to save capital improvement
4 funding, upgrading the infrastructure of the University of
5 Hawaii system, and using the energy savings to retrofit
6 additional infrastructure and provide student scholarships.

7 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read as follows:

10 **"§304A-A University of Hawaii net-zero initiative. (a)**

11 This Act shall be known as the University of Hawaii net-zero
12 initiative.

13 (b) The University of Hawaii shall establish a goal of
14 becoming net-zero with respect to energy use, producing as much
15 renewable energy as the system consumes across all campuses by
16 January 1, 2035.

17 (c) The University of Hawaii shall establish a benchmark
18 for the amount and value of energy consumed during the 2014-2015
19 fiscal year, against which it shall measure its progress toward
20 the goal set forth in subsection (b)."



SECTION 3. Chapter 304A, Hawaii Revised Statutes, is amended by adding a new section to part V to be appropriately designated and to read as follows:

"§304A-B University of Hawaii net-zero special fund. (a)

There is established the University of Hawaii net-zero special fund, into which shall be deposited:

(1) Appropriations from the legislature;

(2) Moneys from the University of Hawaii, pursuant to subsection (c); and

(3) Moneys from other sources.

(b) The special fund:

(1) Shall be used for capital improvement projects that advance the goal set forth in section 304A-A;

(2) May be used in conjunction with:

(A) Funding as approved through a green infrastructure loan program order, pursuant to section 269-171; or

(B) Comparably lower-priced financing mechanisms to pay for facility upgrades that advance the goal set forth in section 304A-A and meet the requirements of subsection (c);



provided that such financing shall not result in debt service that exceeds energy savings funded by this section; and

(3) Shall be used by the University of Hawaii to provide scholarships to students with the greatest demonstrated financial need, as set forth in subsection (c) (1).

(c) For each capital improvement project funded through the special fund, the University of Hawaii shall annually deposit into the special fund the current value of the energy saved by the project during the preceding fiscal year, as measured against the current value of the energy consumed during the fiscal year prior to the execution of the project, excluding any debt service costs for the project. Funds shall be deposited annually pursuant to this section until the debt service costs for the project have been paid in full; provided that:

(1) Fifty per cent of all moneys deposited into the special fund pursuant to this subsection shall be used annually to provide scholarships to students with the greatest demonstrated financial need; and



1 (2) Fifty per cent of all moneys deposited into the
2 special fund pursuant to this subsection may be used
3 for new projects that meet the criteria under
4 subsection (b).

5 (d) The University of Hawaii shall submit a report to the
6 legislature by November 30 of each year that includes but is not
7 limited to the following information:

8 (1) The balance, deposits, and expenditures in the special
9 fund;

10 (2) The detailed status of each capital improvement
11 project funded through the special fund, if the
12 project is not yet complete;

13 (3) The energy savings and costs for each project funded
14 through the special fund to date; and

15 (4) Recommendations for the next phase of projects to be
16 funded through the special fund.

17 (e) As used in this section, "special fund" means the
18 University of Hawaii net-zero special fund."

19 SECTION 4. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$45,500,000 or so
21 much thereof as may be necessary for fiscal year 2015-2016 and



1 the same sum or so much thereof as may be necessary for fiscal
2 year 2016-2017 into the University of Hawaii net-zero special
3 fund.

4 SECTION 5. As a first step toward the University of
5 Hawaii's net-zero goal as set forth in section 304A-A, Hawaii
6 Revised Statutes, there is appropriated out of the University of
7 Hawaii net-zero special fund the sum of \$45,500,000 or so much
8 thereof as may be necessary for fiscal year 2015-2016 for the
9 following purposes:

10 (1) University of Hawaii at Manoa:

11 (A) \$30,000,000 for plans, design, construction, and
12 equipment for the retrofit of Kuykendall hall;
13 provided that the remainder, or so much thereof
14 as may be necessary to complete the \$40,000,000
15 retrofit project for Kuykendall hall, shall be
16 funded through section 304A-B(b)(2)(A), Hawaii
17 Revised Statutes; and

18 (B) \$6,000,000 for plans, design, construction, and
19 equipment for the retrofit of Klum gym, with new
20 athletics-support functions; provided that the
21 remainder, or so much thereof as may be necessary



1 to complete the \$8,000,000 retrofit project for
2 Klum gym, shall be funded through section 304A-
3 B(b) (2) (A), Hawaii Revised Statutes.

4 (2) University of Hawaii at Hilo:

5 (A) \$6,000,000 for plans, design, construction, and
6 equipment for the retrofit of the learning
7 resources center and central plant; provided that
8 the remainder, or so much thereof as may be
9 necessary to complete the \$8,000,000 retrofit
10 project for the learning resources center and
11 central plant, shall be funded through section
12 304A-B(b) (2) (A), Hawaii Revised Statutes; and
13 (B) \$3,500,000 for plans, design, construction, and
14 equipment for the retrofit of the university
15 classroom building; provided that the remainder,
16 or so much thereof as may be necessary to
17 complete the \$4,500,000 retrofit project for the
18 university classroom building, shall be funded
19 through section 304A-B(b) (2) (A), Hawaii Revised
20 Statutes.



1 The sums appropriated shall be expended by the University
2 of Hawaii for the purposes of this Act.

3 SECTION 6. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$150,000 or so much
5 thereof as may be necessary for fiscal year 2015-2016 and the
6 same sum or so much thereof as may be necessary for fiscal year
7 2016-2017 to fund two positions within the University of Hawaii
8 system to provide the necessary financial, technical, and other
9 support to advance the goal set forth in section 304A-A, Hawaii
10 Revised Statutes.

11 The sums appropriated shall be expended by the University
12 of Hawaii for the purposes of this Act.

13 SECTION 7. In codifying the new sections added by sections
14 2, 3, and 5 of this Act, the revisor of statutes shall
15 substitute appropriate section numbers for the letters used in
16 designating the new sections in this Act.

17 SECTION 8. New statutory material is underscored.

18 SECTION 9. This Act shall take effect on July 1, 2015.



Report Title:

University of Hawaii; Energy

Description:

Requires UH to establish goal of becoming net-zero with respect to energy use by January 1, 2035. Establishes the University of Hawaii Net-zero Special Fund. Appropriates funds for capital improvement projects and for staff. (HB1509 HD1 PROPOSED)

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